

Supreme Court, U. S.

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MICHAEL RODAK, JR., CLERK

IN THE  
SUPREME COURT OF THE UNITED STATES

October Term 1977

No. 77-179

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AMPEREX ELECTRONIC CORP.,

Petitioner,

-against-

THE NEW YORK RACING ASSOCIATION, INC.,  
AUTOMATIC TOTALISATORS (U.S.A.) LTD.,  
AUTOMATIC TOTALISATORS LTD., AND  
PREMIER EQUIPMENT PROPRIETARY LTD.,

Respondents.

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RESPONDENTS' BRIEF IN OPPOSITION TO  
PETITION FOR WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE SECOND CIRCUIT

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The petition is devoid of merit  
and no valid reason exists for its grant.

I. THE QUESTIONS PRESENTED

Petitioner's first two questions  
(Pet. 2-3) are directed to infringement of  
invalid patent claims and, moreover, to an  
issue not decided by the Court of Appeals.

The remaining five questions (Pet.  
3-6) are directed to patent invalidity under

35 USC §103. Petitioner's inordinate number of questions are based upon factual premises contra to the findings below and are neither properly presented nor supported by the record.

## II. COUNTER-STATEMENT OF THE CASE

Petitioner's self-serving and argumentative statement of the case posits such premises and, at least in certain aspects, requires clarifying amplification.

### 1. The Decisions Below

#### (a) United States District Court (E.D.N.Y.)

District Judge Dooling's 216-page opinion with 52 additional formal findings and conclusions and supplemental explanatory appendices (A 20-259), constitutes a monument of conscientious judicial endeavor that exhaustively determined the facts and disposed of every issue advanced by the parties. As evidenced thereby, Judge Dooling became thoroughly familiar with and understood the esoteric terminology that characterizes the data processing art; the nature and modes of operation of basic digital data processing componentry; the detailed circuitry and functioning of the prior art data processors and, in meticulous detail, thoroughly ascertained the nature and scope of the disclosure and claims of the patent in suit. Against such factual background, he considered, discussed and resolved all of the ultimate and subsidiary issues presented by the claims in issue and by the contentions of the parties.

The District Court held that the patent was invalid for lack of novelty on several grounds under 35 USC §102 (Conclusion

50A at A 253; cf. Findings 41-43 at A 248-250; A 76-77; A 258; Finding 44 at A 250-251; A 90; A 124; see also A 198-199) as well as being obvious and invalid under 35 USC §103 and non-infringed (A 253).

#### (b) Court of Appeals (2 Cir.)

In affirming the District Court, the Court of Appeals held that all the claims in suit were invalid as being obvious under 35 USC §103. The Court of Appeals expressly stated that, in view of its affirmation of invalidity on grounds of obviousness, it was unnecessary for it to reach the issues of invalidity under 35 USC §102 for lack of novelty or whether defendants' data processing systems infringed the claims in suit (A 2, n.)

### 2. The Subject Matter of the Claims in Issue Do Not Produce a Synergistic Result and Automatic Processing of Daily Double Bets is Irrelevant

Petitioner's factual assertions as to the presence of a synergistic result flowing from the TIM number signal generation means and the automatic processing of daily double bets (Pet. 10 *et seq.*) are without merit.

The District Court considered Petitioner's contentions in depth (A 169-181) and expressly found that the "claimed 'synergistic' effect is not present" (A 176).

The Court of Appeals adopted Judge Dooling's findings, stating (A 15):

"...appellant's only claim of 'synergistic' results is based on its 'multi-function TIM number signal generation means' (Claim



20b). But the court specifically found that this claim was nothing more than semantics, because in electronic data processing any system is energized from a common source and ordered in real time by a common step signal. Thus, once two different memories are used, here one central and one at each TIM, not to have simultaneous storage in the central memory would require 'a special ingenuity of indirection.' 187 U.S.P.Q. at 632. Based as this finding is on expert testimony and voluminous prior art references, we cannot hold it clearly erroneous."

Thus, the asserted synergistic result (Pet. 10) is contra to the concurrent findings below.

Petitioner goes even further afield with respect to daily double betting (See Pet. 10, 15-18). This entire subject was recognized below as being irrelevant to the issues posed by the seven broad claims in suit.

Claims 20-27 in issue (A 21; Findings 9, 10, A 236), which are all of the "means" plus a statement of function type, are broadly directed to the basic operations involved in the processing of bets for single races. They are incomplete and inadequate to process daily double bets. In contradistinction thereto, Claims 31-33 (A 277-278) are specifically directed to daily double bet processing but were withdrawn from issue prior to trial as admittedly not infringed (cf. Findings 9 and 10, A 236). The lack of relevance of daily double bet processing to the subject matter of the claims in issue

was expressly recognized by Judge Dooling (A 94):

"...the reading is complicated by the fact that the specification is written around the daily double capability of the system and its use substantially throughout of duplicate components and duplicate processing of the critical signals, neither of which aspects of the patent are involved in Claims 20 through 27, the only claims here involved. (Emphasis added)"

### III. IN SPECIFIC REPLY

#### 1. As to Questions 1 and 2 (Pet. 2-3, 13-14, 18-22)

Petitioner's first two questions relate solely to claim infringement. The District Court expressly found no infringement (Findings 48 at A 252 and Conclusion 50B at A 253).<sup>1</sup> The Court of Appeals decided it was unnecessary to reach the issue of infringement (or invalidity under §102) in view of its affirmance of the holding below of invalidity under §103 (A 2, n.). Thus the questions relate to an issue not decided by the Court of Appeals and, at best, relate to infringement of invalid claims. There exists no special or important reason that would merit consideration of these questions (Rule 19).

1. Question 1 also defies comprehension since "noninfringing copying" can never be penalized.

Petitioner's initial argument as to denial of "equal protection" of the patent laws for computer inventions (Pet. 13) is founded on the false premise that *Benson*<sup>1</sup> holds that no process claim could ever be granted for operations performed by a software programmed general purpose data processor. Such is not the law. In *Benson* the patentability of an algorithm, *per se*, that was unrestricted as to "any particular art or technology, to any particular apparatus or machinery, or to any particular end use" (*Benson*, *supra* at 64) was at issue. In rendering its decision, the Court emphasized the unrestricted breadth of claim involved and noted:

"We do not hold that no process patent could ever qualify if it did not meet the requirements of our prior precedents...We have, however, made it clear from the start that we deal with a program only for digital computers. ..."  
(*Benson*, *supra* at 71).

In conjunction therewith, Petitioner attempts to endow the infringement questions presented with some importance by trying to link them with previously filed petitions for Writs of Certiorari to the Court of Customs and Patent Appeals in the *Noll*<sup>2</sup> and *Chatfield*<sup>3</sup> cases (Pet. 3, n2; 13, n2).

Whatever significance *Noll* and *Chatfield* may have on the issue of the patentability of claims based upon software programmed general purpose data processors, they certainly have no relevant significance

1. *Gottschalk v. Benson*, 409 U.S. 63 (1972).
2. *Dann v. Noll*, No. 76-1558, May 9, 1977 (545 F. 2nd 141 (C.C.P.A. 1976)).
3. *Dann v. Chatfield*, No. 76-1559, May 9, 1977 (545 F. 2nd 152 (C.C.P.A. 1976)).

to the infringement issue as resolved by the District Court herein. Moreover, the petition in *Noll*, which sought to present the question of patentability of certain machine claims based upon operations of a software programmed data processor, is being vacated, as the *Noll* patent application has been formally abandoned by its owner.<sup>1</sup>

The *Chatfield* case, which relates to the patentability of certain type of method claims derived from the operations of a software programmed data processor, is inapposite to the infringement questions here presented. If method claims of the type found in *Chatfield* are deemed to constitute patentable subject matter, the subject of infringement thereof will, no doubt, arise in a proper case. If not, all questions of infringement thereof are moot. In any event, the claims in *Chatfield* are method claims, not apparatus claims, as in the present case.

In its desperation, Petitioner has also found it necessary to mischaracterize both Respondent's position and the basis for the District Court decision. Respondents have not and do not admit the "technological equivalence" (whatever that may mean) of hardware and software means to program a computer processor is a new machine" (Pet. 20).

Contrary to Petitioner's assertion Judge Dooling did not reject Respondent's contention (Pet. 21) that coexistence of the recited combinational "means" at a given instant of time was a necessary pre-requisite

1. Advices received from the Solicitor of the Patent Office indicate that Respondents in *Noll* have filed a memorandum with this Court stating that the questions presented are moot and that steps are being taken to formally vacate the C.C.P.A. decision in *Noll*.



for an infringement of a machine claim, and that such coexistence was not present in the sequential operations of a software programmed general purpose data processor. Petitioners conveniently ignore the District Court's careful use of the term "permanent" (A 211) and further finding that (A 148):

"... the system of Claim 20 re-presents a linear linkage of known devices each performing in sequence its familiar task. No discovery of any novel union of such means is present, but only a functionally adequate union of means in which each means is used to do what its nature and previous use suggest. The means combined in the system of Claim 20 neither embody nor obey any new law of cooperation."

While such "known devices" physically co-exist at all times as operative entities in a hardwired processor (such as disclosed in the patent in suit), such is not the case for a software programmed general purpose data processor. There the "means" exist only as a sequenced transitory existence of component elements under the control of the software program.

The District Court did, however, clearly reject Petitioner's incomplete and bootstrap argument that since the recited functions were performed, the "means" necessarily existed and comprised some unidentified and unidentifiable stored instruction data in the form of selective magnetization of magnetic core memory toroids. Basically, the Court below considered Respondent's contentions, was guided by *Benson*, *supra*, as to the

impermissible scope of claim coverage, and held squarely that while the accused Minneapolis Honeywell software programmed general purpose data processor did the race track job, it did such tasks (A 212):

"but not by the same or equivalent machine means. Rather, it performs the tasks-putting it most favorably to plaintiff-by a new use of a known machine, and that is a process claim under 35 USC 100 (b)."

Petitioner's problem basically was that it did not prove that the accused structures embodied the recited means or their equivalents, in the patent sense, and never did overcome the basic hurdle of establishing the necessary coexistence of such means, or equivalents thereof, necessary to constitute infringement of an apparatus claim.

The decision in *Decca Ltd.*<sup>1</sup> is not in conflict with the District Court decision herein, as asserted by the Petitioner in his "Amplified Reasons" (Pet. 20). In *Decca Ltd.* the infringer was accused of infringing a patent claiming a combination of elements. The patent specification described the use of an analog computer to perform the function of one element, viz. the receiver, in a multi-element claim. The infringer argued that providing a software programmed general purpose computer for the receiver instead of an analog computer as used by the patentee avoided the claims in suit (*Decca Ltd.*, *supra* at 1079). The Court there held that "infringement is not avoided by showing that digital instead of analog techniques are used in the accused

1. *Decca Ltd. v. The United States*, 544 F.2d 1070 (Ct. Cl. 1976)

system" (*Decca Ltd.*, *supra* at 1080). The factual environment of *Decca Ltd.* is simply not apposite to the facts of the present case. Furthermore, the infringer in *Decca Ltd.* did not argue the issue raised in the present case of whether a sequenced transitory existence of component elements infringes a multi-element combination claim. Since there was no decision on this issue there is no conflict as asserted by Petitioner.

No valid reason exists for favorable consideration of Questions 1 or 2, which, as noted earlier, relate to infringement of invalid claims.

2. As to Questions 3 to 7 (Pet. 3-6, 8-10, 14-18, 22-32)

These five questions are directed to patent claim invalidity under 35 USC §103 as affirmed below. Apart from their fanciful character<sup>1</sup> and erroneous assumed factual premises as to the pertinent art, the presence of a synergistic result and daily double betting considerations (Pet. 8-10, 15-18, *supra* 3-5 ), the questions at best relate to a specialized area of commercial endeavor and to decisions that were based upon concurrent carefully found facts.

1. For example, contrary to the asserted "...zeal to challenge...the Supreme Court's invention test..." (Questions 3 and 5 at Pet. 3), the Court below applied and followed Graham v. John Deere Co., 383 U.S. 1 (1966); Anderson's-Black Rock, Inc. v. Pavement Salvage Co., 396 U.S. 57 (1969); Sakraida v. Ag Pro, Inc., 425 U.S. 273 (1976) (See A 8, 14-18). Likewise the action of the Court below was the antithesis of "criticizing the Supreme Court" as erroneously asserted in Question 7. (Pet. 6, cf. A 16)

The questions posed are devoid of conflict and present no important question of Federal law that should be here settled. Nothing more is here involved, insofar as the §103 issue is concerned, than the rigorous application of controlling law as established by *Graham*, *Sakraida*, *Anderson's-Black Rock* and other authority by the Courts below to exhaustively determined facts, as to which no error has been urged or demonstrated.

(a) The Invalidity of the Claims as Lacking Novelty Under 35 USC §102 Is Not Raised in this Petition

As noted above, Petitioner's Questions 1 and 2 raise matters decided adversely to its interests in the District Court and not reached by the Court of Appeals because the claims were held invalid (*Supra* 5 ). Strangely, Petitioner has not raised any questions with respect to the additional grounds of invalidity under 35 USC §102 as found below (*Supra* 5 ).

Since the claims have been found invalid under 35 USC §102 and such is not to be an issue before this Court, the entire Petition is moot.

- (b) This is Not a "Close Case" and Petitioner's Assertions Are Not Properly Presented by the Record (Pet. 15-18)

In derogation of the lack of relevance of daily double bet processing to the broad claims in issue as held below (*supra* 4-5 ). Petitioner now broadly attributes, without benefit of any record support, both new function and synergism to "auto-matic daily double bet processing." In its present position of *extremis* Petitioner is again trying to improperly "roam and pounce" as specifically noted by Judge



Dooling (A 202), this time freed of all restraints of the record below. Here, however, even as Petitioner would have it (Pet. 16), the substitution of the then available 150 state of the art magnetic core "memory registers" of diminutive and inexpensive character for the older 150 larger and more expensive electromechanical memory registers (aggregators) in the prior art totalisators to permit "practical automation of daily double betting" falls far short of "synergism". The "problem" was always one of cost, not conception.

No amount of confusing argumentation and the positing of erroneous factual premises can mask the facts as found below that (Finding 23 at A 240):

"23. The demands of a racetrack parimutuel system on data processing resources are modest: the arithmetic calculations required are rudimentary; the range of input data is narrow, and the data are simple and easily translated into binary terms; no elaborated long-term memory is requisite; programming is simple and direct, and much of it is reducible to permanent wiring of system components; pre-existing electromechanical circuitry readily supplies patterns which are in considerable part directly adaptable to solid state electronic data processing; the service demands on data processing systems present no identifiable difference of technical significance from those of other multiple input situations".

And the further finding that

claim 20 which was the "heart of the patented totalisator system" and the "dominating Claim" (Finding 11 at A 236) was, after the meaning and scope of the esoteric terminology was ascertained in light of the specification, no more than (A 142-143):

"... a set of commercially available fairly standardized TIMs, appropriate electronic linkage between the TIMs, an aggregator, a unit adder, and an acknowledgment-signal amplifier between the unit adder and the TIM so that aggregating the wager effects an electromechanical release of the betting ticket.";

and that while the claim was "strikingly barren of any genuine specification of means" (A 143):

"Each component is, as the specification makes plain, a familiar of the prior art (existing in various forms), and it performs its familiar role in a familiar way. The undertaking of the combination is an easy one, aggregating wagers without losing track of the horse on which and the pool in which the wager was placed, or the TIM at which the wager was placed."

The Circuit Court's concurrence is apparent by its statement (A 14):

" Thus we have here the routine seeking of business by a qualified data processing 'system' house,

followed by the routine application of then-current state of the art data processing technology to the updating of an existing data processing system of known and defined functional characteristics."

This is no more than a summarization of the facts found below by the District Court (Cf. Findings 36-40 at A 245-248; Finding 43 at A 250; Findings 23-29 at A 240-243; also see A 22-37, 41-44, 51-53, 70-71, 73).

This is in no way a "close case" as repetitively asserted by Petitioner (Questions 5 and 6 at Pet. 5; cf. 22-23, 30-32). The Circuit Court, on the basis of the exhaustive facts found below, correctly found the claims in issue to be "clearly obvious" (A 17).

(c) As to Questions 3 and 4 (Pet. 3, 22-23)

Petitioner's bootstrapping argument is premised upon blatantly erroneous factual assertions. As pointed out earlier (*supra* 3-4), no synergistic result is here present and despite Petitioner's attempt to twist and remold them the claims in suit do not relate to daily double bet processing. Claims are not a "nose of wax"<sup>1</sup> that can be twisted and remolded to suit the exigencies of newly advanced argument in each new forum.

The Petitioner here again asserts the TIM number signal generation means set forth in Claim 20 (B) is new. This assertion is also devoid of factual foundation. With respect to Claim 20 Judge Dooling found

1. White v. Dunbar, 119 U.S. 47, 51 (1866).

as fact:

"Each component is, as the specification makes plain, a familiar of the prior art (existing in various forms), and it performs its familiar role in a familiar way. The undertaking of the combination is an easy one, aggregating wagers without losing track of the horse on which and the pool in which the wager was placed, or the TIM at which the wager was placed." (A 143)<sup>1</sup>

Judge Dooling specifically considered Petitioner's argument:

"More seriously, it is asserted that the TIM number signal generation means of Claims 20-22 (Clause 20 (B)) as well as the TIM memory WM (Claim 22, especially element 22 (B)) 'are completely novel over all the prior art' (R 7). Plaintiff's reading of the Claims puts strains on them that they cannot support. ..." (A 173)

Judge Dooling analyzed the operation of the element in Claim 20 (B) in detail (A 175-181) and concluded that it functioned in the same way as other elements common in electronic data processing systems (A 180-181).

Petitioner also conveniently overlooks the fact that whatever may be

1. See Circuit Court opinion at A 5.



emcompassed within the "TIM number signal generation means" in Claim 20(B) was also present in the demonstrator-prototype expressly found to be a part of the prior art and the express contribution of others (Finding 43 at A 250; A 74-75, 77, 79).

Questions 3 and 4 and the "Amplified Reasons" in support thereof are devoid of merit.

(d) As to Questions 5 (a) through (f) (Pet. 3-5, 23-30)

In considering the question of obviousness under 35 USC §103 of the claims in suit, the Courts below properly decided that "the art to which the subject matter pertains" is the art of data processing.

The patent in suit is titled, "DATA PROCESSING SYSTEM." It explicitly "pertains" to data processing and explicitly recognizes that parimutuel totalisators are but one species of system for processing data received from ticket-issuing machines (A 266, col. 1, lines 11-16):

"This invention pertains to data processing systems and more particularly to systems for processing data received from ticket issuing machines.

"One of the most common of these systems is a parimutuel system employed for servicing transactions or wagers made by spectators at sporting events."

The District Court expressly found (A 237):

"14. Parimutuel 'totalisators', whether manual, mechanical,

electromechanical, or electronic, are data processing systems."

The prior art before Judge Dooling was replete with disclosure of application of electronic data processing techniques to totalisators and to other versions of multiple key input data aggregation and return response type of data processing systems, such as ticket reservation systems, stock market order systems, and the like (A 200-201; Findings 36-43 at A 245-250; A 57 *et seq.*; A 13-14). One significant portion of such prior art was plaintiff corporation's own routine business activities in such area, with respect to which the Circuit Court expressly noted (A 14):

"Further, Judge Dooling quoted the statement of Digitronics' chief executive officer to the effect that 'there is virtually nothing in our device which has not already been incorporated in other machines which we have installed for other purposes in such companies as..., ' naming a railway and three large industrial concerns. ...Thus we have here the routine seeking of business by a qualified data processing 'system' house, followed by the routine application of the routine application of then-current state of the art data processing technology to the updating of an existing data processing system of known and defined functional characteristics."

See Findings 23 at A 240, 36-38 at A 245-246. See also A 22-37, 43-44, 57-62,



76-77, 79 and Findings 39-43 at A 246-250.

The Circuit Court clearly adopted Judge Dooling's finding that the art to which the subject matter pertains is the data processing art (A 2-3), and stated (A 9-10):

"Here, as Judge Dooling found, the inventors were trained in data processing, not merely in totalisators. They worked for a company that applied techniques of solid state electronic data processing to any industry which would hire them to do so. The patent was granted as a patent on a data processing system."

To contend as Petitioner does that the totalisator art is the pertinent art is, in the posture of this case, unreal at best and is diametrically opposed to Justice Marshall's conclusion in *Dann v. Johnston*, 425 U.S. 219, 229 (1976):

"While computer technology is an exploding one, '[i]t is but an evenhanded application to require that those persons granted the benefit of a patent monopoly be charged with an awareness' of that technology."

Questions 5 (a) through (f) and the "Amplified Reasons" advanced in support thereof (Pet. 23-30) are devoid of merit and no reason exists for favorable consideration thereof.

(e) As to Questions 6 and 7 (Pet. 5-6, 30-32)

These lengthy and diffuse

questions are, again characteristically, posited on a set of erroneous factual assumptions as to the very existence of "secondary considerations" having no support in the findings below. Specifically, it was found below that there was no long felt want (Finding 32 at A 243-244):

"32. There was not a long-felt need for electronics to handle parimutuel betting at racetracks; it was evident at all times that introduction of electronic devices ought in theory to make possible savings in time, space, costs, and, perhaps, personnel at racetracks as in other money-handling establishments, and considerable work was done in designing and, to a certain limited extent in devising data processing components and systems for parimutuel betting at racetracks; however, there was no want of practical, efficient and economically feasible electromechanical and mixed electromechanical and electronic installations in daily use at racetracks all over this and other countries for handling parimutuel betting"

and the Circuit Court expressly noted the dubious value of "secondary considerations" in the case at bar (A 18):

"Moreover, these secondary considerations are markedly less accurate as guides to nonobviousness in this case than might be the situation in another case. This is due to the domination of the

totalisator business by one large company, Amtote. Thus any 'long-felt need' for the improvement to which the Digitronics patent related, converting electro-mechanically operated totalisators into electronically operated ones, and its immediate use and commercial success do not necessarily mean that no one else could have made a similar improvement. On the contrary, it very likely was simply a reflection of the fact that the dominant company had no incentive to make the change because its former system, exemplified by the Model 7J, was good enough to dominate the market, and no one else was willing to make the needed investment further to upgrade its operation, in view of that domination. Once the improvement was introduced into the market, the dominant company, Amtote, was quick to introduce electronic tote to maintain its dominant market position."

In Question 7 Petitioner asserts a conflict between the decision below and the decision of the Court of Customs and Patent Appeals in *In re Fielder*, 471 F.2d 640 (C.C.P.A. 1973). As is clear from the opinion below (A 8), the mandate of *Graham v. John Deere*, *supra*, was rigorously followed and, on the basis of the facts of this case, the scope and content of the prior art was ascertained and the level of ordinary skill in the pertinent art was resolved. On the facts of this case the

Circuit Court stated (A 17):

"Because we hold that the claims made here are clearly obvious, we need not examine secondary considerations."

Whatever may have been the import of *In re Fielder* in 1973, the controlling law was redefined and clarified in 1975 by this Court in *Sakraida*, *supra*, where as noted by the Court below (A 16-17):

"...Any theory that 'secondary' considerations must be given weight before a determination of obviousness can be made was laid to rest in *Sakraida v. Ag Pro, Inc.*, *supra*, 425 U.S. at 282-83, where Mr. Justice Brennan concluded for a unanimous Court:

Though doubtless a matter of great convenience, producing a desired result in a cheaper and faster way, and enjoying commercial success, [the invention] "did not produce a 'new or different function'... within the test of validity of combination patents." *Anderson's-Black Rock v. Pavement Co.*, *supra*. at 60. These desirable benefits "without invention will not make patentability." *Great A & P Tea Co. v. Supermarket Corp.*, 340 U.S. at 153.

If a conflict thus exists, it lies between *Fielder* and *Sakraida* and not with the case at bar, which followed *Sakraida*.

IV. CONCLUSION

No special or important reason exists for consideration of any of the seven questions presented, and the Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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PREMIER EQUIPMENT PROPRIETARY LTD.,

Respondents.

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CERTIFICATE OF SERVICE

This will verify that three copies of the foregoing RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT were served by first class mail, postage prepaid, this day of August, 1977, upon the following:

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